

S'pore cloud services to grow 43% over 5 years

By **AMIT ROY CHOUDHURY**

THE use of cloud computing services in Singapore is expected to grow 43 per cent over the next five years, outstripping the forecast 29 per cent growth in the region.

Chris Morris, of IT research agency IDC, told BizIT that Singapore cloud services are expected to be worth US\$42 million this year and US\$177 million by 2014.

Cloud services in the Asia-Pacific excluding Japan (APEJ) region will be worth US\$1.28 billion this year, rising to US\$4.59 billion in 2014.

Mr Morris, who is IDC Asia-Pacific's director for cloud technologies and services, said these figures only take into account services consumed by individuals and organisations. They do not include revenue from the sale of hardware, software or services to cloud service providers. That is, no server, storage or software sales figures are included. "If they were included, the numbers would be far higher," he said.

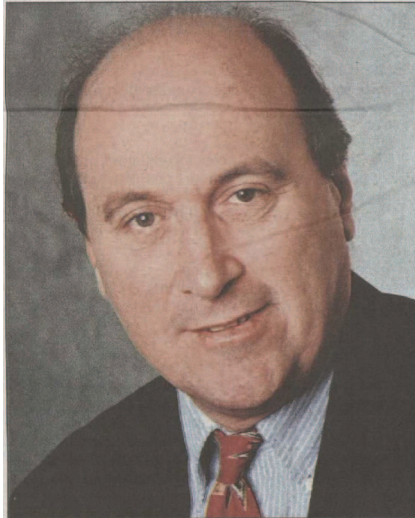
With cloud services projected to grow at such a healthy pace, there are clear opportunities for regional vendors, especially telcos, he noted.

Due to concerns over data sovereignty and cloud service performance and reliability, regional vendors with robust IT infrastructure are well positioned to become cloud service providers, he pointed out.

Singapore Telecom and others are moving to deliver infrastructure-as-a-service already, and are expected to adopt a broader cloud role through platform-as-a-service and applications-as-a-service offerings.

"These new areas will likely be delivered by way of partnerships with specialist software vendors," Mr Morris said. "These software vendors will find it more cost effective to partner infrastructure specialists like telcos."

Global players have so far been most successful with early adopter-type organisations, but as the local market moves beyond the early stage to mainstream adoption, local vendors will begin to become more prevalent, he explained.



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"Applications in the early stage of cloud usage have been very standardised. Within the diverse APEJ region, there is a much larger need for applications that can be tailored to suit local legislation and business practice. Regional independent software vendors are well-placed to capitalise on this."

Within the APEJ region there are strong indications that organisations will build their own internal, or private, clouds, he said.

"This will lead to a need for consulting services as user organisations are not all well equipped to manage the planning and implementation work for a private cloud."

"These consulting services are what we term cloud enablement services, and will provide significant opportunities and revenue that will be over and above IDC's market forecast for Singapore and APEJ."

In Singapore, the Next Generation National Broadband Network is likely to give a fillip to cloud services, with niche players coming into the market, Mr Morris said. "But these services will very probably be based on cloud infrastructure bought at wholesale rates from larger cloud infrastructure providers such as SingTel, IBM and Amazon."

Smaller service providers will not be able to

achieve the economies of scale for cloud service delivery that are possible through the mega data centres of the global players, except where local data storage is required, he said. "In these cases, they will be more competitive."

These smaller players – most likely systems integrators – will be vital in providing cloud enablement services for small and medium enterprises, Mr Morris said. "Arguably, SMEs need it more than the large enterprise organisations."

Singapore and the APEJ region will also see the emergence of cloud appliances, he said. "These will be pre-configured hardware and software stacks, with as little as the operating system on a server and storage configuration, through to a complete stack including applications."

For the SME market – and the channels serving it – this will obviate the need for SMEs to integrate different components to form a solution and allow channel partners to add their own applications on top of a vendor-supplied appliance for a specific geography or vertical, Mr Morris said.

"For the enterprise customer, they will also deliver a 'private cloud in a box' that will allow them to experiment with a private cloud without any risk to their current environment," he added.